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2018 ARIZONA GOVERNOR'S CONFERENCE ON TOURISM

# CHINA MARKET BRIEFING



# OVERVIEW & CONTENTS

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# GLANCE AT 2017 CHINA MARKET

## CHINA MARKET SIZE

- 2017 population: 1.38 billion, up 0.43%
- 18.7% of the world's population
- 58% urban-up from just 26% in 1990

## CHINA's GDP GROWTH

- 6.8 % growth in 2017
- Beat market expectations of 6.7%
- Well above official target of 6.5%
- 2018 growth target: 6.5%

## CHINA RETAIL MARKET \_ *New!!*

- China's retail market was smaller than the USA in 2015 but now rapidly pulling away
- 2017 China e-commerce sales: \$1.1 trillion, nearly half of worldwide ecommerce
- E-commerce accounts for 23% of all China retail sales
- Projected to increase to 41% by 2021
- 75% of e-commerce sales via mobile

## RISING DISPOSABLE INCOMES:

- China Disposable incomes grew 7.8% in 2016 and *7.5% in 2017* *New!!*
- Upper middle & high-income class set to make up 30% of the population by 2030, triple today's level

# CHINA MARKET UPDATE



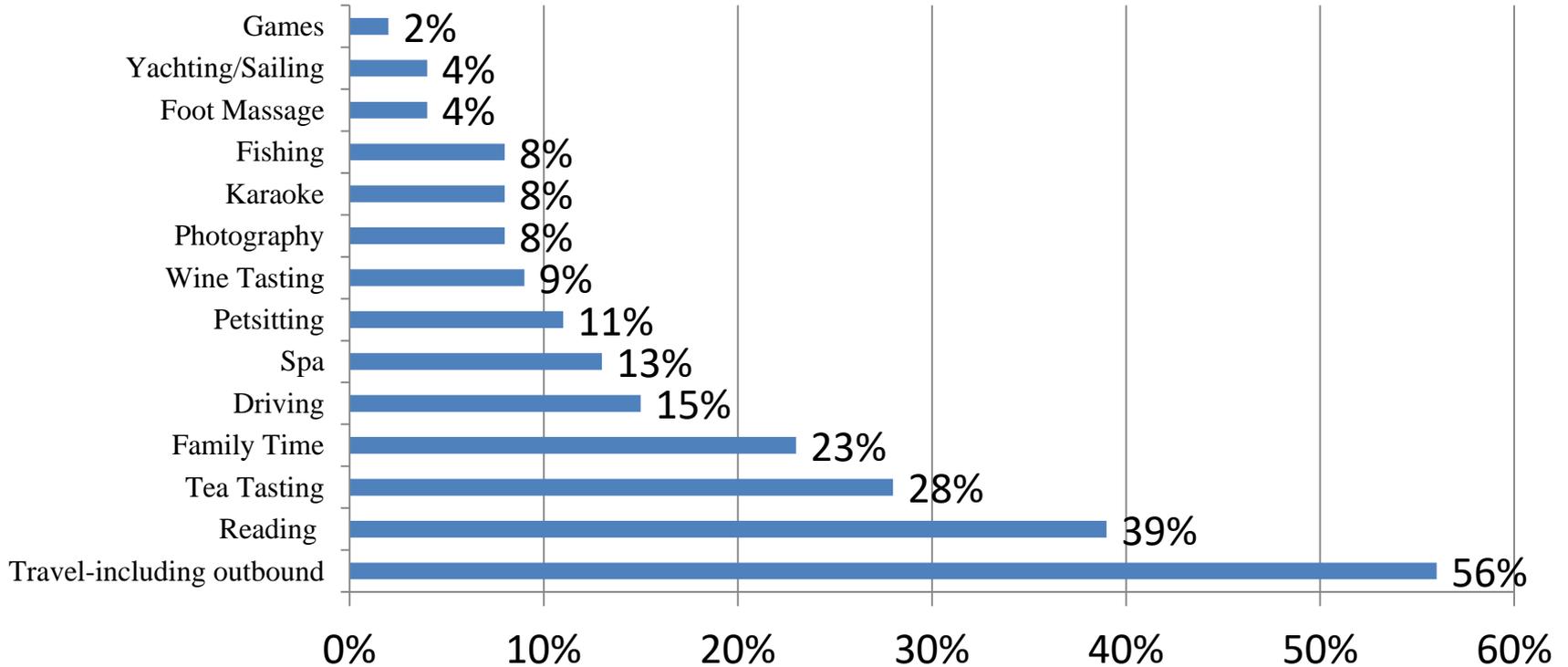
# Chinese Outbound Travel to U.S.

- **2009:** half a million Chinese visitors
- **2010:** up 53%
- **2011:** pass the million mark for 1st time
- **2012:** 30%+ increase
- **2013 & 2014:** growth still above 20%
- **2015:** first time growth dips below 20%
- **2016:** end of Golden Decade of growth

## THE USA RANKED #1 IN 2017 FOR INTENT TO TRAVEL

2017 Ranking	Destination	Percentage of Chinese Travelers
<b>1</b>	<b>USA</b>	<b>18%</b>
1	France	18%
3	Australia	16%
3	Canada	16%
5	Germany	12%
6	Maldives	11%
7	Japan	10%
7	New Zealand	10%
7	Singapore	10%
7	Thailand	10%
7	UK	10%

# Preferred Leisure Activities of China's Upper Classes



Source: Brand USA research

# Chinese Overseas Travel Expenditures

2015

Continued to soar an additional **23%**

**48%** of Chinese outbound tourists indicate they plan to increase travel spend

**60%** will spend over **\$1,500** for each trip

2016

China overtakes the U.S. as the **#1 BUSINESS** travel market in the world, generating 20% of global business travel spend

Overseas tourism spend reaches **\$242 billion**, up **20%** over 2015 level

2017(f)

Spending reaches a new high of \$266 billion, up 10%  
Shopping spending while abroad decreases while spending on entertainment, culture, experiences and healthy-lifestyle products soars

By 2020, Overseas spending is expected to reach \$ 429 billion

# New China-U.S. Flight Launches in 2018

Destinations	Routes	Airlines	Frequency	Remarks
Los Angeles	Xiamen-Los Angeles	Tianjin Airlines	3X Weekly	Plan in December
	Zhengzhou-Los Angeles	Tianjin Airlines	3X Weekly	Plan in December
Atlanta	Shanghai-Atlanta	Delta Airlines	Daily	Launch in July
Boston	Chengdu-Boston	Sichuan Airlines	3X Weekly	Launched in May
Chicago	Chengdu-Chicago	Hainan Airlines	3X Weekly	Launched in June

Source(s): Airlines

# China Airlift to the U.S.

## 16 China Non-Stop Gateways to the U.S

### Current

- Beijing
- Shanghai
- Guangzhou
- Chengdu
- Wuhan
- Nanjing
- Hangzhou
- Changsha

### New

- ✓ Shenyang
- ✓ Shenzhen
- ✓ Qingdao
- ✓ Fuzhou
- ✓ Chongqing
- ✓ Jinan
- ✓ Tianjin
- ✓ Zhengzhou(new2018)

## 14 U.S. NON-STOP GATEWAYS TO China

- Los Angeles
- San Francisco
- New York
- Honolulu
- Seattle
- Washington D.C.
- Boston
- Las Vegas
- Chicago
- Houston
- Dallas
- Detroit
- Saipan
- Atlanta (New 2018)

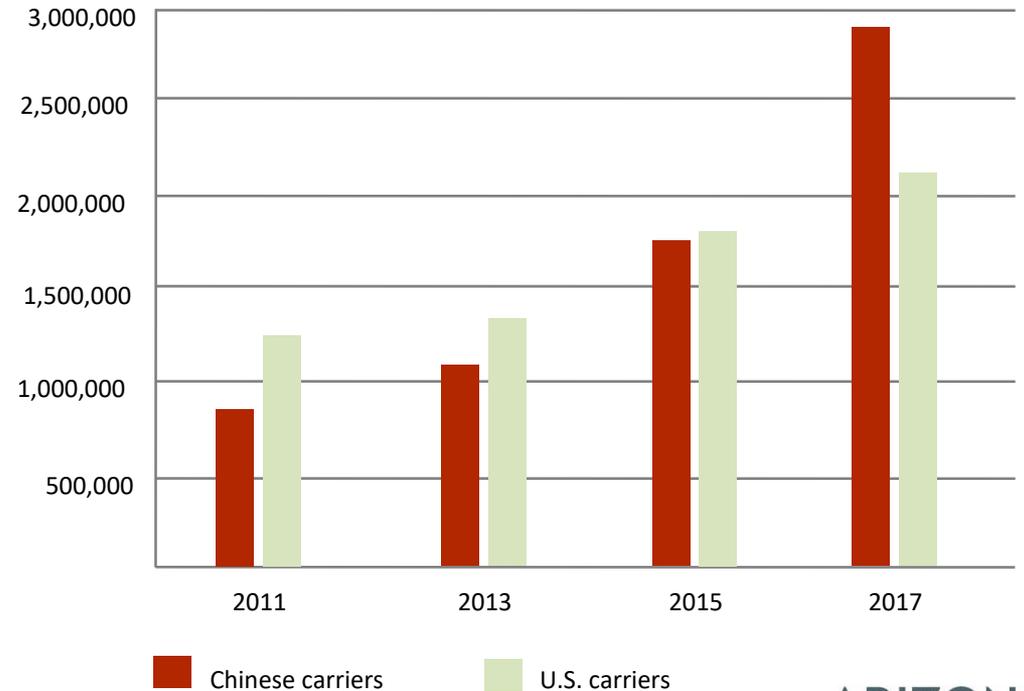
-Current annual seat capacity stands at 5,130,183 regularly-scheduled seats, a capacity jump of over 500,000 seats in the last 6 months alone

-China has 206 airports and is now building another 66 major new airports –a **32% increase** in number of airports in China in just the coming 5 years

# China-USA Airlift Soaring

- Direct non-stop airlift between China and the USA has more than quadrupled in the last decade
- Chinese airlines have increased market share at the expense of U.S. airlines and now account for over 60% of annual seat capacity from China to the USA

## ANNUAL SEAT CAPACITY



Source(s): Airlines

# 2017 -18 Key Trend-Mobile

## CONTINUE SHIFTING TO MOBILE

- Mobile Internet: Increased number on mobile phone owners use their mobile to access the Internet from 685 million to 753 million people ; 50%+ 4G
- Mobile Payment: 87% of Chinese consumers used mobile payments in 2017, up from 69% in 2016; majority of new users come from 2nd and 3rd tier cities

## MEDIA CONSUMPTION

- Dominant Channel: news and entertainment in China are primarily consumed on mobile
- TV: 71% of Chinese watch TV on their mobiles several times a day versus 27% in the U.S.
- News: phone-based news apps have become the #1 source of information for Chinese; social media is now the #2 source of information, mainly driven by WeChat which has over 1 billion registered users

## MOBILE IN TRAVEL PURCHASE

- Travel search & planning: over half of destination search & planning is done on mobile
- Bookings: 72% of online bookings on Top 5 OTAs are done directly via mobiles; 81% of online hotel bookings are made on mobiles
- Booking apps: OTAs lead the way, with traditional TO/TAs playing catch up

# 2017 Online Booking & OTAs Update

## **GROWTH IS FOUND ONLINE:**

- 20% growth in online purchases of travel in 2017 *New!!*
- Over \$800 billion in tourism products bought online in 2017 *New!!*
- Online tools are key in both the destination selection and actual booking
- Online platforms are the China outbound travel purchasing channels of the future

## **OTAs GAINING MARKET SHARE:**

- 2018 Chinese New Year OTA bookings up 60% v. overall outbound market up 10%
- 3 OTAs dominate: C-Trip, Qunar and Tuniu--over 80% of China's OTA sector
- Air tickets (#2 after OTA booking) and accommodations (#3) are increasingly being booked on service providers' websites directly
- Fly & Drive and car rental are soaring in popularity

# TRAVEL TRENDS



# Booming FIT and Family Travel

## China's FIT SEGMENT BOOMING

- Growing 10-20% per year, outperforming China's overall outbound market
- In certain States, FIT represents 40% of China travel and rapidly rising
- Semi-FIT (air/hotel packages) represents an additional 40% of the market

## END of ONE-CHILD POLICY RESHAPING CHINA'S TRAVEL INDUSTRY:

- The new law has resulted in 8.83 million new-born second children in 2017
- 51% of all babies in 2017 were 2<sup>nd</sup> children for the first time ever
- Family travel is estimated to be up 168% in 2017
- 3-generation travel(Boomers, Millennial, Babies) booming
- ¼ of Chinese Millennial plan to travel with their parents and their children
- Even with children, 58% of Chinese travelers choose Fly & Drive options
- Educational tourism(family with college-age children) booming
- Theme park visitations with younger children benefiting from the trend

# Powerful New OTAs Emerging

## New OTAs Shaking Up the Travel Market\_ *New!!*

- **Zuzuche.com** now dominates the online car rental market, going from 200,000 bookings to 4 million U.S. car rental bookings in less than 3 years
- **Fliggy.com** the online travel brand of e-commerce giant Alibaba, has gone from zero to 200 million users in less than 3 years and is now a key partner for many destinations
- **MaFengWo** the “TripAdvisor” of China launched in 2010 originally as a social travel website/blog, and has now transformed itself into a travel booking app which is key to reach Chinese FITs

# MEDIA TRENDS



## Social Media Channels in China *New!!*

- Most social media channels we are familiar with are blocked in China  
e.g. Instagram, Facebook, Twitter, YouTube and Google
- In China, the people mainly use its own homegrown social media channels  
e.g. Weibo(Twitter), WeChat (smart phone apps like Facebook), Youku(YouTube)
- Wechat, QQ, and Weibo are the top 3 social media platforms, with extraordinary penetration rates of 84%, 66%, and 39% of China's population, respectively.



## WeChat

- WeChat, Tencent's take on WhatsApp, had more than 900 million active users worldwide by September 2017 and has become the top social media platform in China. Because of official censorship, Weibo is losing appeal as a forum where relatively uncensored news can be shared.

## Weibo

- The primary platform to post news and is a great channel for users to connect with celebrities and brands; it has the highest engagement among trend-setters, with 150 million monthly active users across a wide demographic in China.



# CHINA READY



# Reduce the Barriers

- **Prepare a Destination Brochure, Video, Audio Guide in Chinese Language**
  - Shopping Center
  - Attractions
  - Tour activities/packages
  - Official Website\_ *New!!*
- **Upgrade WeChat into a new Level**
  - Official Chinese WeChat Account: increase followers; post destination information/updates\_ *New!!*
  - Use WeChat as a daily communication or interactive system with the Chinese travel trade/media partners
- **Payment System Trends\_ *New!!***
  - WeChat Pay and Alipay own the dominate market shares in China. They are expending the market shares into overseas. You can find them in the airport stores; attractions ticket boxes, even hotels and supermarkets in some short-haul destinations, such as Japan and Thailand.
  - No need to have a lot of cash while travelling overseas.
  - Brand promotions/discounts to drive the selling performance from time to time.

# A Summary of Chinese Holidays

## -Traditional Holidays (3 days and 7 days) in 2019

- New Year's Day: December 30,2018-January 1,2019
- Lunar New Year: February 4-10,2019\_ *Long-haul travelling season*
- Tomb Sweeping Day: April 5-7,2019
- Labor Day: April 29-May 1,2019\_ *Long-haul travelling season*
- Dragon Boat Festival: June 7-9,2019
- Mid-Autumn Festival: September 13-15,2019
- National Day: October 1-7,2019\_ *Long-haul travelling season*
- ✓ Chinese travelers usually takes 7 days plus annual leave for a long-haul destination travelling with friends or families.

## -China School Breaks:

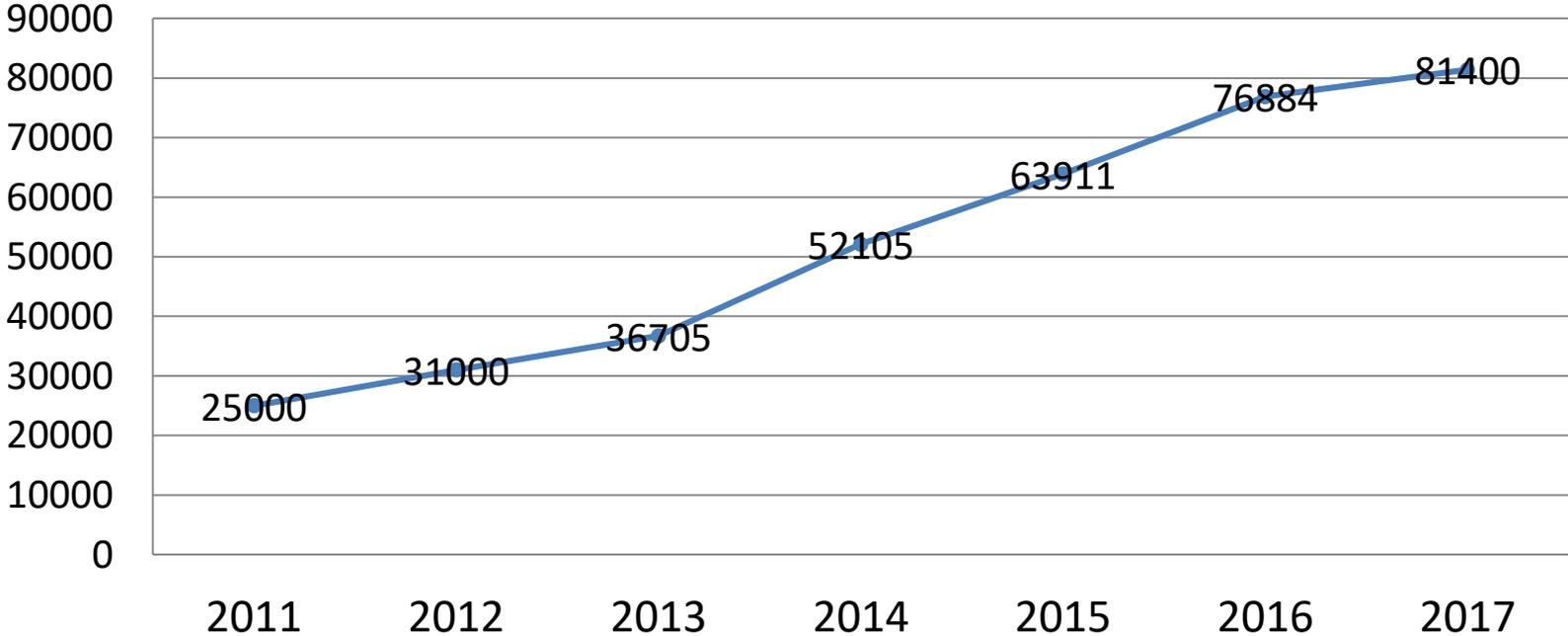
- Winter break: January 26- February 24,2019
- Summer break: July 13- August 31,2019
- ✓ Family travel and students camp(summer camp) high seasons

# ARIZONA IN CHINA



# GROWTH ON VISITATION

## Visitation numbers\*China



# Arizona's advantages

## **What we are now selling.....**

- Iconic views
- Clean & Fresh Air
- Western Style and Cowboy culture along Route 66
- Warm Seasonal Weather
- Less Crowdedness
- More safety
- Shopping
- In-depth travel experience

## **What we can add on.....**

- Soft outdoor adventures to embrace the natures
- Road trip fun
- Family travel

## •Continued New Product Developments

### 1) Key Travel Trade Partners

- Utour International Travel Service
- American International Travel Service
- Galaxy Tours
- Ctrip.com
- Caissa Touristic

## •Marketing Co-operations

### 2) Ctrip Online Flagship Store

- Worked with Ctrip promoted the destination through landing page
  - Social media: WeChat Content Marketing and Weibo EDMs to key selected clients
- Total impression:1,428,025**



## 2) Travel Trade/Media China Sales Mission\_2018

- The China mission was hold in Shanghai, Beijing & Chengdu for one week at March 11-17.
- During the whole week, over 170 travel trade/media partners were invited to the luncheon for destination training and media interview.
- Separate to the luncheon, AOT met 7 top travel agencies in each market and 9 media appointments with key media partners.



## China Sales Mission 2018 Media Track



video  
interview  
in Shanghai &  
Chengdu.



media meeting panels in  
Shanghai & Beijing  
for in-depth coverage opportunity.



亚利桑那州旅游局副局长Becky Blaine (右)

亚利桑那州旅游局副局长Becky Blaine说道。此次亚利桑那州旅游局重返中国，目的是向中国旅游行业进行动态更新，介绍亚利桑那州的国家公园、美丽的城市和西部小镇。亚利桑那州期待与中国旅游行业探索更多商务机遇，但更重要的是发展和巩固双边友谊。

Media Impressions  
Generated: **7.2** million  
AD Value: US\$ **0.5** million



对于一个特殊的旅行者来说，如果还未真正踏上亚利桑那州，那便不算了解完整的美国。被誉为“大峡谷之州” (Grand Canyon State) 的亚利桑那州 (Arizona) 坐落于美国西南端，地域辽阔，气候多样，有着墨西哥共和国边境风情，也有着与邻邦墨西哥接壤的边境风情。对亚利桑那州文化感兴趣的旅客，一定不要错过，位于亚利桑那州西南端最大的法定美洲印第安人保留地，早期曾为印第安人雷波族、帕帕戈族、阿帕契族、纳瓦霍族的居住地，而通过万里重洋来到这里 (Grand Canyon) 的游客，则能欣赏到最壮观的峡谷风光。在这里，你可以欣赏到壮观的峡谷风光，而通过这种方式，而能欣赏到最壮观的峡谷风光。

If you never set foot in Arizona, you will never know America. Also known as the Grand Canyon State, Arizona, one of the four corner states, borders with New Mexico, Utah, Nevada, California and Mexico. The state also has one point in common with the southwestern corner of Colorado. Arizona boasts the largest percentage of land designated as American Indian lands. There are 22 tribes in Arizona, the largest of which is the Navajo Nation. Arizona is known around the world for the Grand Canyon. This 277-mile-long scenic, natural wonder is a steep-sided canyon carved out of the rock by the Colorado River, which flows through the canyon toward the southwest.

78 | REPORT JOURNAL

# FY18-AOT China-Cont'd

## 3) Travel Trade/Media FAM Groups

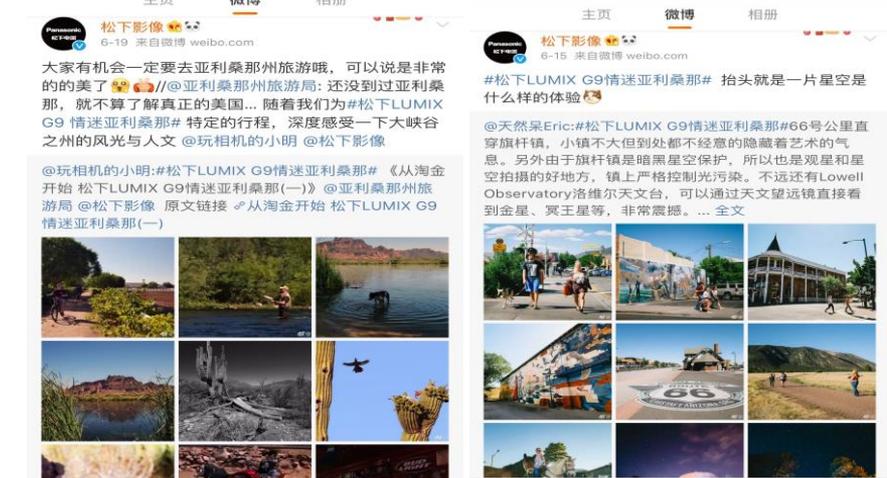
-American Airlines Key Tour Operators Southern China FAM\_ Sepetmber 11-16,2017

-Post-IPW FAM\_Travel Trade and Media FAM\_May 24-30,2018





- Media Fam Group co-op with Panasonic LUMIX



# FY18-AOT China-Cont'd

- Individual Media Visit
- Media Publicity: AD Value US\$ **0.5** million
- Number of Impressions: **0.8** million

**穿越科罗拉多**  
**Colorado Trail**  
 科罗拉多山脈是美國最壯麗的山脈之一，也是美國人類的精神家園。為了慶祝科罗拉多山脈國家紀念碑成立100週年，美國政府特別推出一項「科罗拉多山脈國家紀念碑100週年紀念」活動，邀請全美各地的跑者參加這項具有挑戰性的長跑活動。這項活動不僅是一場體力上的考驗，更是一次心靈的洗禮。跑者將穿過壯麗的山脈、森林和草原，感受大自然的鬼斧神工。這項活動將於今年秋季開始，預計將吸引數以萬計的跑者參加。

**2017 年度装备+跑步,你全力以赴了吗**  
**RUNNER'S**  
**传承经典 超越自我**  
 ASICS 亚瑟士 GEL-NIMBUS 跑鞋系列  
 你,是跑者  
 你正踏出  
 最完美的脚步  
 你,是跑者  
 你正踏出  
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**亚利桑那州**  
 亚利桑那州是美国西南部的一个州，以其壮丽的沙漠景观和丰富的文化遗产而闻名。从标志性的仙人掌到令人叹为观止的峡谷，亚利桑那州提供了无限的探索机会。无论是喜欢户外冒险的徒步爱好者，还是对历史感兴趣的游客，这里都能满足他们的需求。亚利桑那州还拥有世界级的体育赛事和音乐节，是全年旅游的理想目的地。

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# FY18-AOT China-Cont'd

- Off-line Media Publicity: AD Value US\$ **3.2** million
- Number of Impressions: **11** million



## Northern Arizona: driving to the end of sunset 亚利桑那州北部 驰骋到日落的尽头

这是一望无际的沙漠，有着广袤壮美的自然风光。这里有着丰富的自然景观，让你在驾车途中感受大自然的壮丽。如果你想找一个安静的地方，那么这里是一个不错的选择。如果你喜欢一些安静的地方，那么这里是一个不错的选择。如果你喜欢一些安静的地方，那么这里是一个不错的选择。



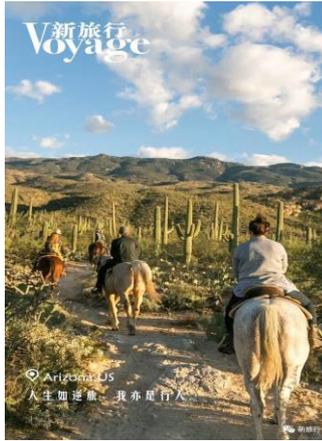
**最佳拍摄时间**  
Photo: Mike D'Amico

在亚利桑那州北部，你可以欣赏到壮丽的日落景色。这里有着广阔的沙漠和独特的地貌，让你在驾车途中感受大自然的壮丽。如果你想找一个安静的地方，那么这里是一个不错的选择。如果你喜欢一些安静的地方，那么这里是一个不错的选择。



**最佳拍摄时间**  
Photo: Mike D'Amico

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Arizona US  
人生如旅程，我亦是行人

## AMAZING THINGS 每月精选 IN November

### 01 美国亚利桑那州

#### 热气球探索高空之美

你可能已经领略过惊心动魄的越野车之旅，或者骑着马探索过沙漠。又可能沉迷于沙漠中，热气球之旅则是一种新的方式，让你从高空鸟瞰周围完全不同的亚利桑那州风景。随着热气球的上升，你可以看见数公里的沙漠地貌，向下看去野生动物在植被中跳跃或者被数以千计的城市天际线，将会超乎你想象的美丽景象。在亚利桑那州的热气球之旅，是探索高空的时间段，游客可以体验高空之旅的同时避开来自太阳的灼热。

网址: [www.visitarizona.com/see-and-discover/trips-and-tours/hot-air-balloons](http://www.visitarizona.com/see-and-discover/trips-and-tours/hot-air-balloons)



### 02

线上预订  
从柜台  
取票

### Arizona 荒野之息

Arizona US  
人生如旅程，我亦是行人

在亚利桑那州北部，你可以欣赏到壮丽的日落景色。这里有着广阔的沙漠和独特的地貌，让你在驾车途中感受大自然的壮丽。如果你想找一个安静的地方，那么这里是一个不错的选择。如果你喜欢一些安静的地方，那么这里是一个不错的选择。

### DAY 2 凤凰城/旗杆镇

凤凰城是亚利桑那州的首府，也是美国西部最大的城市之一。这里有着丰富的历史和文化，让你在驾车途中感受大自然的壮丽。如果你想找一个安静的地方，那么这里是一个不错的选择。如果你喜欢一些安静的地方，那么这里是一个不错的选择。

### DAY 3 威廉姆斯

威廉姆斯是亚利桑那州的一个小镇，也是美国西部最大的城市之一。这里有着丰富的历史和文化，让你在驾车途中感受大自然的壮丽。如果你想找一个安静的地方，那么这里是一个不错的选择。如果你喜欢一些安静的地方，那么这里是一个不错的选择。

### DAY 4 蒙特维斯塔

蒙特维斯塔是亚利桑那州的一个小镇，也是美国西部最大的城市之一。这里有着丰富的历史和文化，让你在驾车途中感受大自然的壮丽。如果你想找一个安静的地方，那么这里是一个不错的选择。如果你喜欢一些安静的地方，那么这里是一个不错的选择。

# FY18-AOT China-Cont'd

- On-line Media Publicity: AD Value US\$ **1.7** million
- Number of Impressions: **100** million



亚利桑那州的圣多娜 (Sedona) 以标志性的红岩石著称，又是一座艺术家聚集的小镇。一月，这里气候凉爽，处于淡季，最不可错过的原因还有这里是IDA认证的暗夜公园，小镇到了天黑之后会熄灭所有灯光，特别适合观赏星空，至于在星空下要做什么，你可以随意发挥啦。



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自由不羁的T行侠 旅行者传媒 1月24日

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这是亚利桑那州一个名叫塞利格曼的小镇的下午，一位穿着宽松牛仔外套，戴着棒球帽的老人在夕阳中。



ARIZONA  
OFFICE OF TOURISM

Travel Blogger/Digital Influencers Engagement:  
Total impressions are **24** million ; AD Value is US\$ **2.2** million



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# FY18-AOT China-Cont'd

- AOT official Sina weibo: **62%** increase of followers in FY 18;
- Total **39,198** followers as of July 11, 2018;
- Year-to-date impressions are **1.3** million



- AOT official WeChat: Launched in March 2018 with bi-weekly posts every month, total attracted **1,803** followers  
Year-to-date impressions are **12,491**



# THANK YOU!

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